

MEMO

TO: Community, Economic and Human Development Committee (CEHD)
FROM: Jacob Lieb, Senior Regional Planner, (213) 236-1921, lieb@scag.ca.gov
SUBJECT: Regional Housing Needs Assessment (RHNA) State Budget and Legislative Update
DATE: February 5, 2004

The Regional Housing Needs Assessment (RHNA) is a mandated activity for SCAG per CA Govt. Code Section 65584. SCAG is scheduled to perform the next update of the RHNA starting July 1, 2004, and concluding July 1, 2005. Local governments in the SCAG region are required to complete Housing Elements by July 1, 2006.

During the past 2 years, SCAG staff has monitored legislative and budget developments at the State level that may affect the conduct of the RHNA. Particularly of note are the on-going deliberations of the statewide Housing Element Working Group, and the annual budget and appropriations processes. This report is intended to update the Committee on the release of a Governor's Budget on January 9, 2004 as well as the most recent negotiations on changes to the statute.

The Governor's Budget contains an appropriation of \$1,000 for reimbursements for the conduct of the RHNA process statewide. This maintains status quo from the current year, and essentially represents a deferral of payment. As such, SCAG may accrue eligible costs, and submit for reimbursement, but, realistically, cannot expect payment until an adequate appropriation is made. This often results in delays in reimbursement of 2-3 years. At the same time, the \$1,000 included in the budget maintains the active status of the RHNA and Housing Element mandate. An allocation of \$0 would suspend the mandate.

In the mean time, the Statewide Housing Element Working Group, convened by HCD at the request of the Legislature is nearing conclusion on negotiated changes to State Housing Law. Proposed legislative language is expected to be completed by the end of February, and an interim report to the Senate Housing Committee was given on January 26. SCAG staff participating in the process expects agreement on substantial reforms in the following areas:

- The Regional Housing Needs Allocation process including
 - Clarification on sub-regional delegation
 - Changes to HCD/ Council of Governments consultation on regional need
 - Clarification on allocation methodology and factors
- Clarification on how sites are identified in the local Housing Element, and on how local governments assure use of the those sites for development
- Performance-based certification of Housing Elements
- Enforcement of Housing Element Compliance

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Given uncertainty in the State budget, as well as the likelihood of legislative reform, SCAG is not prepared to undertake preliminary work for the upcoming RHNA at this time. In the prior fiscal year, before the Legislature delayed the RHNA, staff had begun various steps in advance of the RHNA, as listed below. Upon legislative certainty and further direction, we anticipate continuing on these activities.

1. Sub-Regional Delegation
2. Consultation with the Department of Housing and Community Development (HCD)
3. Formation of RHNA Policies and Procedures for CEHD and RC review and adoption

SCAG staff will continue to report to the CEHD Committee as the legislative and budget processes evolve.